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AZ treasurer revives plans for borrowing *Martin says Brewer, unlike Napolitano, supports his efforts*

PHOENIX — With a more agreeable governor now in place, state Treasurer Dean Martin is resurrecting plans to prepare to borrow money in the event the state runs out of cash to pay its bills in a few weeks

A meeting of the Arizona Loan Commission, of which Martin and Gov. Jan Brewer are both members, is likely to be scheduled for next week.

And Martin says Brewer, a fellow Republican just two days into office, has already indicated she sees reason to do what Martin had unsuccessfully attempted earlier this month: Set the maximum interest rate the state is willing to pay on loans if cash dries up in March.

In a highly combative meeting two weeks ago, Martin and then-Gov. Janet Napolitano sparred over the issue. Napolitano, a Democrat, called the move premature, especially since she was hoping to get the most political traction out of her yet-to-be released budget proposal. And she accused Martin of staging a media event.

Martin said he was simply preparing the state in case it needs to secure a line of credit to balance a \$1.6 billion budget shortfall in the current year. Otherwise, Martin has argued, the state's checks will bounce.

The treasurer's projections show that since the state has yet to balance the current year's budget, revenues are scheduled to dry up sometime around March or April. Martin says that could be avoided if the Legislature, which convened last week, acts to cut before then or if a federal stimulus package brings new monies to the state.

There's a difference between the kind of borrowing that Martin wants and the kind of borrowing Democrats, like Napolitano, advocated.

This plan would entail short-term loans to help the state pay bills this year. Democrats are advocating 15- to 20-year loans to cover \$4.6 billion in shortfalls this year and next.

Brewer's spokesman could not be reached for comment Thursday, but Martin says he sat down with the new administration before Brewer officially took over and was encouraged to move ahead.

"All indications have been it's not going to be anything like it was last time," Martin said. "The last meeting wasn't supposed to be as eventful as it was. I was surprised that (Napolitano) walked into the room as angry as she was."

Martin maintains that he's not advocating borrowing, just putting a plan in place in case money dries up and there is no other option. By setting the interest rate, he says, the state would be prepared if it needed to borrow short-term loans.

The top Republican leaders in the both the House and Senate have acknowledged the state may have to do something of that sort to make it through the end of the year.

By Daniel Scarpinato, Arizona Daily Star